

BY-LAWS

(CODE OF REGULATIONS)

OF

MALLARD RUN CONDOMINIUM ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the Association is Mallard Run Condominium Association, ("the Association"), which corporation, not-for— profit, is created pursuant to the provisions of Chapter 1702 of the Revised Code of Ohio, and which Association is also created pursuant to the provisions of Chapter 5311 of the Revised Code of Ohio as the unit owner’s association for Mallard Run Condominium. The principal office of the Association shall be as set forth in its Articles of Incorporation, ("the Articles"), which were accepted by the Secretary of State of Ohio on the 8th day of June, 1987, and the place of meetings of Unit owners ("members") and of the Trustees (Board of Managers) of the Association shall be at such place in Lucas County, Ohio as the Board of Trustees (“the Board”), may from time to time designate.

ARTICLE II

DEFINITIONS

All terms used herein shall have the same meaning: as set forth in the Declaration of Mallard Run Condominium, (“the Declaration”), recorded simultaneously herewith the Recorder of Lucas County, Ohio.

ARTICLE III

UNIT OWNERS (MEMBERS)

1. COMPOSITION: Each Unit Owner, as defined in the Declaration, is a member of the Association.
2. ANNUAL MEETINGS: Regular annual meetings of the Unit Owners shall be held in the first Calendar quarter of each year hereafter, on a date and at an hour established, from time to time, by the Board.
3. SPECIAL MEETINGS: Special meetings of the Unit Owners may be called at any time by the President or by the Board, upon written request of Unit Owners entitled to exercise one-fourth (1/4) or more of the voting power of Unit Owners, and when required by the Condominium Act.
4. NOTICE OF MEETINGS: Written notice of each meeting of Unit Owners shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy as such

notice, postage prepaid. at least five (5) days before such meeting, to each Unit Owner entitled to Vote thereat, addressed to the Unit Owner's address last appearing on the books of the Association, or supplied by such Unit Owner to the Association for the purpose of notice. or by delivering a copy of that notice at such address at least five (5) days before the meeting. The notice shall specify the place, day and hour of the meeting. and, in the case of a Special meeting, the purpose of the meeting.

5. QUORUM: The Unit Owners present, in person or by proxy, at any duly called and noticed meeting of Unit Owners, shall constitute a quorum for such meeting.

6. PROXIES: At any meeting of Unit Owners. a Unit Owner may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary prior to the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by a Unit Owner of his, her or its Unit.

7. VOTING POWER: Except as otherwise provided in the Condominium organizational documents, or by law, a majority of the voting power of Unit Owners voting on any matter that may be determined by the Unit Owners at a duly called and noticed meeting shall be sufficient to determine that matter. The rules of Roberts Rules of Order shall apply to the conduct of all meetings of Unit Owners except as otherwise specifically provided in the Condominium organizational documents or by law.

8. ACTION IN WRITING WITHOUT MEETING: Any action that could be taken by Unit Owners at a meeting may be taken without a meeting with the affirmative vote or approval, in a writing or writings, of Unit Owners or such greater proportion of the voting power as may be required by the Condominium organizational documents, or by law.

ARTICLE IV

BOARD OF TRUSTEES (BOARD OF MANAGERS)

1. INITIAL TRUSTEES: The initial Trustees shall be those three persons named as the initial trustees in the Articles, or such other person or persons as may from time to time be substituted by the Declarant.

2. SUCCESSOR TRUSTEES: The number, times of election, and terms of office of those who will serve as Trustees of the Association to succeed the initial trustees, shall be as provided in the Declaration and these By-Laws.

3. REMOVAL: Excepting only Trustees named in the Articles or selected by Declarant, any Trustee may be removed from the Board with or without cause. by a majority vote of the Unit Owners. In the event of the death, resignation or removal of a Trustee other than as named in the Articles or a substitute selected by the Declarant, that Trustee's successor shall be selected by the remaining members of the Board and shall serve until the next annual meeting of Unit Owners. when a trustee shall be elected to complete the term of such deceased, resigned or removed Trustee, Declarant shall have the sole right to remove, with or without cause, any Trustee designated in the Articles, or a substitute selected by the Declarant, and select the successor of any Trustee so selected who dies, resigns, is or leaves office for any reason before the election of removed Trustees by all of the Unit Owners as provided in the Declaration.

4. NOMINATION: Nominations for the election of Trustees to be elected by the Unit Owners shall be

made by a nominating committee. Nominations may also be made from the floor at the meetings. The nominating committee shall consist of a Chairman, who shall be a member of the Board, and two or more Unit Owners appointed by the Board. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but no less than the number of vacancies that are to be filled.

5. ELECTION: Election to the Board by the Unit Owners shall be by secret written ballot. At such elections, the Unit Owners or their proxies may cast, in respect to each vacancy, under the such voting power as they are entitled to exercise provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

6. COMPENSATION: Unless otherwise determined by the Unit Owners at a meeting duly called and noticed for such purpose, no Trustee shall receive compensation for any service rendered to the Association as a Trustee. However, any Trustee may be reimbursed for his or her actual expenses incurred in the performance of duties.

7. REGULAR MEETINGS: Regular meetings of the Board shall be held no less than quarterly, without notice, on such date and at such place and hour as may be fixed from time to time by resolution of the Board.

8. SPECIAL MEETINGS: Special meetings of the Board shall be held when called by the President of the Board, or by any three Trustees, [after not less than three days notice to each Trustee.

9. QUORUM: The presence at any duly called and noticed meeting, in person or by proxy, of Trustees entitled to cast a majority of the voting power of Trustees shall constitute a quorum for such meeting.

10. VOTING POWER: Except as otherwise provided in the Condominium organizational documents, or by law, vote of a majority of the Trustees voting on any matter that may be determined by the Board at a duly called and noticed meeting at which a quorum is present shall be sufficient to determine the matter.

11. ACTION IN WRITING WITHOUT MEETING: Any action that could be taken by the Board at a meeting may be taken without a meeting with the affirmative vote or approval, in a writing or writings, of all of the Trustees.

12. POWERS: The Board shall exercise all powers and authority under law and under the provisions of the Condominium organizational documents, that are not specifically and exclusively reserved to the Unit Owners by law or by other provisions thereof, and without limiting the generality of the foregoing, the Board shall have the right and power and authority to:

(a) take all actions deemed necessary or desirable comply with all requirements of law, and the Condominium organizational documents;

(b) obtain insurance coverage no less than that required pursuant to the Declaration;

(c) enforce the covenants, conditions and restrictions set forth in the Declaration;

(d) repair, maintain and improve Common Areas;

(e) establish, enforce, levy and collect assessments as provided in the Declaration;

(f) adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of Unit Owners, occupants and their guests thereon, and establish penalties for the infraction thereof;

(g) suspend the voting rights of a Unit Owner during any period in which such Unit Owner shall be in default in the payment of any assessment levied by the Association (such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for each infraction of published rules and regulations or of any provisions of the Condominium organizational documents

(h) declare the office of a member of the Board to be vacant in the event such Trustee shall be absent from three consecutive regular meetings of the Board;

(i) authorize the officers to enter into one or more management agreement in order to facilitate the efficient operation of the property; (it shall be the primary purpose of such management agreements to provide for administration, management, repair and maintenance as provided in the Declaration, and the receipt and disbursement of funds as may be authorized by the Board A the terms f0 any management agreements shall be as determined by the Board to be in the best interests of the Association, subject. in all respects. to the provisions of the Condominium organizational documents): and,

(j) do all things and take all actions permitted to be taken by the Association by law, or the Condominium organizational documents not specifically reserved thereby to others.

13. DUTIES: It shall be the duty of the Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Unit Owner: at each annual meeting of Unit Owners, or at any special meeting when such statement is requested in writing by Unit Owners representing one half (1/2) or more of the voting power of Unit Owners;

(b) supervise all officers, agents and employees of the Association and see that their duties are properly performed:

(c) as more fully provided in the Declaration, to:

(i) fix the amount of assessments against each unit

(ii) give written notice of each assessment to every Unit Owner subject thereto within the time limits set forth therein; and

(iii) foreclose the lien against any property for which assessments are not paid within a reasonable time after they are authorized by the Declaration to do so, or bring an action at law against the Unit Owner personally obligated to pay the same, or both;

(d) issue, or to cause an appropriate representative to issue. upon demand by any person, a certificate setting forth whether or not any assessment has been paid:

(e) procure and maintain insurance as provided in the Declaration, and as the Board deems advisable,

(f) cause all officer or. employees handling Association fund: to be bonded;

(g) cause the property subject to the Associations Jurisdiction to be maintained within the scope of

authority provided in the Declaration;

(h) cause the restrictions created by the Declaration to be enforced; and,

(i) take all other actions required to comply with all requirements of law and the Condominium organizational documents.

ARTICLE V

OFFICERS

1. ENUMERATION OF OFFICERS: The Officers of the Association shall be a President, a Secretary, a Treasurer and such other officers as the Board may from time to time determine. No Officer need be a member of the Association nor need any officer be a Trustee. The same person may hold more than one office.

2. SELECTION AND TERM: Except as otherwise provided in the Declaration or by law, the officers of the Association shall be selected by the Board, from time to time, to serve until the Board selects their successors.

3. SPECIAL APPOINTMENTS: The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

4. RESIGNATION AND REMOVAL: Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and the acceptance of such resignation shall not be necessary to make it effective.

5. DUTIES: The duties of the officers shall be as the Board may from time to time determine. Unless the Board otherwise determines, the duties of the officers shall be as follows:

(a) PRESIDENT: The president shall preside at all meetings of the Board, shall have the authority to see that orders and resolutions of the Board are carried out, and shall sign all legal instruments on behalf of the Association.

(b) SECRETARY: The secretary shall record the votes and keep the minutes and proceedings of meetings of the Board and of the Unit Owners, serve notice of meetings of the Board and of the Unit Owners, keep appropriate current records showing the names of Unit Owners of the Association together with their addresses, and shall act in place and stead of the president in the event of the president's absence or refusal to act.

(c) TREASURER: The treasurer shall assume responsibility for the receipt and deposit in appropriate bank accounts of all moneys of the Association, the disbursement of such funds as directed by resolution of the Board, the keeping of proper books of account, the preparation of an annual budget and a statement of income and expenditures to be presented to the Unit Owners at annual meetings, and the delivery or mailing of a copy of each to each of the Unit Owners.

ARTICLE VI

COMMITTEES

The Board shall appoint a nominating committee and may appoint such other committees as it deems appropriate in carrying out its purposes.

ARTICLE VII

BOOKS AND RECORDS

The books, records and financial statements of the Association, including annual audited financial statements when such are prepared, shall be available during normal business hours or under other reasonable circumstances. upon request to the Association, for inspection by Unit Owners and the holders and insurers of first mortgages on Units. Likewise, during normal business hours or under other reasonable circumstances, the Association shall have available for inspection by Unit Owners, lenders and their insurers, and prospective purchasers. current copies of the Condominium organizational documents and the rules and regulations governing operation of the Condominium.

ARTICLE VIII

AUDITS

Upon written request to the Association by an institutional first mortgagee of a Unit. or its insurer, or by vote of the holders of a majority of the voting power of Unit Owners, Board shall cause the preparation and furnishing to those requesting of an audited financial statement of the Association for the preceding fiscal year, provided that no such statement need be furnished earlier than ninety (90) days following the end of such fiscal year.

ARTICLE IX

FISCAL YEAR

Unless otherwise changed by the Board, the fiscal year of the Association shall begin on the first day of January and end on the 1st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of this Association.

ARTICLE X

AMENDMENTS

Any modification of these By-Laws shall be made only by means of an amendment to the Declaration, in the manner and subject to the approvals, terms and conditions set forth therein, and shall be effective from the time a certificate setting forth such modification or amendment is delivered for recording to

the Recorder of Lucas County, Ohio.

IN TESTIMONY WHEREOF, the undersigned, and the 5016 member of the Association, has caused these By--Laws to be duly adopted on or as of the 16th day of June, 1987.

RICHARD E. HARRIS BUILDERS, INC. Developer and Sole Member

Richard E. Harris, President

MANAGEMENT AGREEMENT

THIS AGREEMENT dated this 16th day of June, 1987 by and between the MALLARD RUN CONDOMINIUM ASSOCIATION, an Ohio Not-for-Profit corporation, (hereinafter, the "Association") and RICHARD E. HARRIS BUILDERS, INC., an Ohio Corporation (hereinafter, the "Managing Agent"),.

WHEREAS, the Developer of MALLARD RUN CONDOMINIUMS (hereinafter, the "Condominium") is RICHARD E. HARRIS BUILDERS. INC', an Ohio corporation; and;

WHEREAS, the Developer of the Condominium is authorized by the Declaration and Bylaws of the Condominium and by Section 5311.08(D), Ohio Revised Code, to not on behalf of the Association in exercising the powers and responsibilities of the Association as set forth in said Declaration and Bylaws, until such time as the Developer relinquishes control of the Condominium; and

WHEREAS, the Managing Agent is experienced in the management and operation of condominium developments.

NOW, THEREFORE, the Association, by and through the Developer who is acting for and on behalf of the Association as authorized by the Condominium Declaration and Bylaws and Section 5311,08(D) of the Ohio Revised Code, enters into this Management Agreement, which Management Agreement shall be binding on the Association and the Managing Agent according to the following terms and conditions.

WITNESSETH

In consideration of the terms, conditions and covenants contained herein. the parties hereto agree as follows:

1. The Association hereby appoints Managing Agent and Managing Agent hereby accepts appointment, on the terms and conditions hereinafter provided, as exclusive managing agent of MALLARD RUN CONDOMINIUMS consisting of Sixteen (16) family units located on the Condominium Property and subject to the expansion of the Condominium on the additional property described as set forth in the Declaration.
2. Managing Agent fully understands that the function of Developer in this situation is the operation

and management of the condominium property, until such time as the Association assumes control as provided by law and a Board of Managers is elected to assume the Developer's responsibilities. It is specifically understood and agreed that the Managing Agent is directly responsible to the Developer before the Association assumes control and, thereafter, to the Association once it assumes control. The Managing Agent, or its representative, shall, upon three (3) days' notice, attend membership or Trustees meetings as may be requested by the Board of managers. It is further understood and agreed that the authority and duties conferred upon the Managing Agent are limited to the common areas and facilities defined in the Condominium Declaration. Such authority and duties do not include supervision or management of family units except as hereinafter provided.

3. Where it is indicated herein that the "Association" requires, directs, or authorizes the Managing Agent to perform or fulfill a function, or is responsible for certain actions or activities, this shall refer to the party in control, with authority to direct, authorize or require the Managing Agent to so respond.

4. This Agreement shall terminate and the responsibilities of the parties hereunder shall cease one (1) year subsequent to the assumption of control by the Association pursuant to the Condominium Declaration of Bylaws, unless this Agreement is renewed by a vote of the majority of the unit owners as provided in the Condominium Bylaws, except that the Managing Agent shall have a right to terminate this Agreement and the Managing Agent's responsibilities hereunder, one (1) year from the date of this Agreement or any time thereafter, by submitting thirty (30) days advance written notice to the Developer or the Association, whichever controls the Condominium at the time of said notice. In no event shall the term of this Agreement extend for more than one (1) year subsequent to the assumption of control of the Association by the unit owners pursuant to division (C) of section 5311.08 of the Ohio Revised Code unless this Agreement is renewed by a vote of the unit owners pursuant to the Bylaws of the Association.

5. The Managing Agent shall hire in its own name all managerial personnel necessary for the efficient discharge of the duties of the Managing Agent hereunder. Compensation for the services of such managerial employees shall be the responsibility of the Managing Agent. Those employees of the Managing Agent who handle or are responsible for the handling of the Association's moneys shall, without expense to the Association, be bonded by a fidelity bond acceptable both to the Managing Agent and the Association.

6. The Managing Agent shall, to the exclusion of all others, render such services and perform such duties as set forth in the Condominium Declaration and Bylaws and as directed by the Developer or the Association. The Managing Agent shall further perform the following services and duties:

(a) Select, employ, supervise, direct, and discharge, in its absolute discretion, in the name of the Association, as the Managing Agent shall determine, such non-managerial persons as it may require to fulfill its duties hereunder. Such personnel shall in every instance be either an independent contractor or in the Association's and not in the Managing Agent's employ. Compensation for the services of such employees shall be paid for by the Association.

(b) Collect assessments from the Association's members. The Association hereby authorizes the Managing Agent to request, demand, collect and receive for any and all assessments and charges which may be due the Association and to take such action in the name of the Association by way of making, recording, satisfying, foreclosing the Association's lien therefor, or by way of their legal process or otherwise as may be required for the collection of such assessments in accordance with the terms of the Condominium Declaration. As a standard practice, the Managing Agent shall furnish an

itemized list of all delinquent accounts on or before the 10th day of the following month. All expenses incurred in enforcing collections shall be the responsibility of the Association.

(c) Cause the buildings, appurtenances, and grounds of the Condominium to be maintained according to standards acceptable to the Association, including but not limited to landscaping; gardening, snow removal, interior and exterior cleaning, painting, and decorating, plumbing, carpentry, and such other normal maintenance and repair work as may be necessary, subject to any limitations imposed by the Association in addition to those Contained herein. For any one item of repair or replacement the expense incurred shall not exceed the sum of \$500.00 unless specifically authorized by the Association; provided, however, that emergency repairs. involving manifest danger to life or property, or immediately necessary for the preservation and safety of the property, or for the safety of the family unit owners, or required to avoid the suspension of any necessary service to the Condominium, may be made by the Managing Agent irrespective of the cost limitation imposed by this paragraph. Notwithstanding this authority as to emergency repairs. it is understood and agreed that the Managing Agent will, if at all possible, confer immediately with the Association regarding every such expenditure. All such expenditures and maintenance costs shall be paid for by the Association.

(d) Maintain businesslike relations with owners of family units in the Condominium whose service requests shall be received, considered and recorded in systematic fashion. Complaints of a serious nature shall, after thorough investigation, be reported to the Association with appropriate recommendations. As part of a continuing program, the Managing Agent shall attempt to secure full performance by the family unit owners of all items of maintenance for which they are responsible.

(e) Take such action as may be necessary to comply with all laws, statutes, ordinances, rules and of all appropriate governmental authority, subject to the limitations set forth in (c). The Managing Agent, however, shall not take any actions so long as the Association is contesting or has affirmed its intention to contest any such law, statute, ordinance, rule, regulation or order or requirement pursuant thereto. Expenses incurred in taking such action shall be the responsibility of the Association.

(f) Make contracts for (1) water, waste removal, electricity, telephone, heat, power or any other necessary utility service for the common areas and facilities, (2) landscaping, gardening, snow removal painting, cleaning, maintenance, decorating, repair or replacement of the common areas and facilities (subject to the limitations set forth in (c) above), and (3) any other materials, supplies, furniture, labor, services, maintenance or repairs which the Association is required to secure or pay for pursuant to the terms of the Condominium Declaration, Bylaws, Regulations or by law which are necessary or proper for the maintenance and operation of the Condominium property. All such contracts and orders shall be made in the name of the Association, or in the Managing Agent's discretion, the name of the Managing Agent. and shall be subject to the limitations set, forth in Paragraph (c) of this Article. When taking bids or issuing purchase orders, the Managing Agent shall be under a duty to secure for and credit to the Association any discounts, commissions, or rebates obtainable as a result of such purchases. All such contracts and orders shall be paid by the Association. It is contemplated that the Managing Agent may contract with employees, agents or affiliates of the Developer to provide the aforementioned services or materials. No such contract shall be void or voidable for such reason.

(g) When authorized by the Association in writing, cause to be placed and kept in force (1) a policy of policies insuring the Association. the members of the Board of Managers, and the family unit owners against any liability to the public or to the owners of family units and of the common areas and facilities, and their invitees, or tenants, incident to their ownership and use of the common areas and facilities and family units, as provided in the Condominium Declaration, the limits of which shall be set

in such written notice, and (2) a policy or policies of fire insurance, with extended coverage, vandalism and malicious mischief endorsements, as provided in the Condominium Declaration the amount of which insurance shall be set in such written notice. The Managing Agent shall promptly investigate and make a full written report as to all accidents or claims for damage relating to the management, operation and maintenance of the Condominium property, including any damage or destruction to the condominium property and the estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection therewith. Such insurance shall be the expense of the Association.

(h) From the funds collected and deposited in the account hereinafter provided for cause to be disbursed regularly and punctually (1) salaries and any other compensation due and payable to the employees of the Association, and the taxes payable under Paragraph (1) of this Article. (2) fire and other insurance premiums if such policies are obtained pursuant to Paragraph (g) of this Article. and (3) sums authorized to be incurred under the terms of this Agreement, including the Managing Agent's fee.

(i) Prepare for execution and filing by the Association all forms, reports and returns required by law in connection with unemployment insurance, Worker's Compensation insurance, disability benefits, Social Security, and other similar taxes now in effect or hereafter imposed, and also requirements relating to the employment of personnel.

(j) Maintain a comprehensive system of office records, books, and accounts in a manner satisfactory to the Association, which records shall be subject to examination by its authorized agent at all reasonable hours. As a standard practice, the Managing Agent shall render within ninety (90) days after the end of each calendar quarter a statement reflecting receipts and disbursements, provided, that this service shall not be construed to require the Managing Agent to supply an audit. Any audit required by the Association shall be prepared at the Association's expense. In addition, the Managing Agent shall submit to the Association a cash receipts and disbursements statement for the preceeding month and a statement indicating the balance or deficit in the Managing Agent's account for the Condominium on or before the 10th day of the following months. All expenditures shall be substantiated by a paid invoice or receipt.

(k) Prepare an operating budget setting forth an itemized statement of the estimated total amount necessary to pay the cost of wages, materials, insurance, management or other services and supplies which will be required in the ensuing calendar year together with a reasonable amount considered to be necessary for a reserve for contingencies and replacements. Each such budget, together with a statement from the Managing Agent outlining a plan of operation and Justifying the estimates made in every important particular, shall be submitted to the Board of Managers of the Association in final draft at least thirty (30) days prior to the commencement of the Association's new fiscal year, The budget shall serve as a supporting document for the schedule of monthly assessments proposed for the new fiscal year. It shall also constitute a major control under which the Agent shall operate, and there shall be no substantial variances therefrom, except such as may be sanctioned by the Association. By this it is meant that no expenses may be incurred or commitments made by the Managing Agent in connection with the maintenance and operation of the Condominium property in excess of the amounts allocated to the various classifications of expense in the approved budget without the prior consent of the Association, except that, if necessary because of an emergency or lack of sufficient time to obtain such prior consent, an overrun may be experienced, provided it is brought promptly to the attention of the Association in writing.

(l) It shall be the duty of the Managing Agent at all times during the term of this Agreement to operate

and maintain the Condominium property according to the highest standards achievable consistent with the overall plan of the Association. The Managing Agent shall see that all family unit owners are informed with respect to such rules, regulations and notices as may be promulgated by the Association from time to time. The Managing Agent shall be expected to perform such other acts and deeds as are reasonable, necessary and proper in the discharge of its duties under this Agreement.

7. Any payments to be made by the Managing Agent hereunder shall be made out of such sums as are available in the account of the Association, or as may be provided by the Association. The Managing Agent shall not be obligated to make any advance to or for the account of the Association or to pay any sum except out of funds held or provided as aforesaid, nor shall the Managing Agent be obliged to incur any liability or obligation for the account of the Association without assurance that the necessary funds for the discharge thereof will be provided.

8. The Managing Agent shall be given access to the common areas of the Condominium property at all times and, further, access to each family unit during reasonable hours as may be necessary for the maintenance, repair or replacement of any common areas contained therein or accessible therefrom, or for the making of emergency repairs therein necessary to prevent damage to the common areas, or any other unit or units.

9. The Association agrees to indemnify and to hold harmless the Managing Agent from any and all damage suits in connection with the management of the Condominium property and from liability from injury suffered by any employee or other person whomsoever. The Managing Agent also shall not be liable for any error in judgment or for any mistake of fact or law, or for anything which it may do or refrain from doing hereinafter, except in cases of willful misconduct or gross negligence. The Managing Agent has no responsibility for the compliance of the Condominium or any of its equipment with the requirements of any ordinances, laws, rules, or regulations (including those relating to the disposal of solid, liquid, and gaseous wastes) of the City, County, State, or Federal Government, or any public authority or official thereof having Jurisdiction over it, except to notify the Association promptly of, or forward to the Association promptly, any complaints, warnings, notices, or summonses received by it relating to such matters. The Association represents that to the best of its knowledge the Condominium complies with all such requirements, and authorizes the Managing Agent to disclose the ownership of the Condominium to any such officials, and agrees to indemnify and hold harmless the Managing Agent, its representatives, servants, and employees, of and from all loss, cost, expense, and liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such laws, ordinances, rules, or regulations,

10. The Managing Agent shall establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation and in a manner to indicate the custodial nature thereof, a separate bank account as Managing Agent of the Association for the deposit of the moneys of the Association, with authority to draw thereon for any payments to be made by the Managing Agent to discharge any liabilities or obligations incurred pursuant to this Agreement, and for the payment of the Managing Agent's fee, all of which payments shall be subject to the limitations of this Agreement.

11. The Association shall designate a single individual, who shall be a member of the Board of Managers, who shall be authorized to deal with the managing Agent on all matters relating to the management of the Condominium property. The Managing Agent is directed not to accept directions or instructions with regard to the management of the Condominium property from any other individual whatsoever. Until such time as the unit owners take control of the Association, the Managing Agent is

directed to accept directions and instructions from the Developer. Thereafter, in the absence of any designation by the Association, the President of the Board of Managers shall have such authority.

12. This Agreement does not contemplate nor is the Managing Agent responsible for or required to perform the upkeep and repair of the interior of any family unit, the responsibility for which under the Condominium Declaration is that of the family unit owners' However, the Managing Agent may, in its absolute discretion perform such maintenance and repair services on a unit as are required by a family unit owner as an accommodation to the Association or to such family unit owner and charge such family unit owner who shall have requested said service of the Managing Agent, a reasonable charge therefor.

13. The Managing Agent's compensation for his services shall be:

(i) \$ 10.00 per month per dwelling unit from the date hereof to such time as eighty percent (80%) of the dwelling units in the Condominium have been sold by the Developer, and

(ii) \$ 10.00 per month per dwelling unit thereafter, which sums shall be paid by the Association as a common expense of the Association.

In addition, the Association shall pay the Managing Agent Fifteen Dollars (\$15.00) per hour for attendance at all meetings attended

14. The Association shall pay all expenses incurred by the Managing Agent including, without limitation, attorneys' fees for counsel employed to represent the Managing Agent or the Association in any proceeding or suit involving an alleged violation by the Managing Agent or the Association, or both, of any constitutional provision, statute, ordinance, law, or regulation of any governmental body pertaining to environmental protection, fair housing, or fair employment including, without limitation, those prohibiting or making illegal discrimination on the basis of race, creed, color, religion, or national Origin in the sale, rental, or other disposition of housing or any services rendered in connection therewith or in connection with employment practices (unless, in either case, the Managing Agent is finally adjudicated to have personally and not in a representative capacity violated such constitutional provision, statute, ordinance, law or regulation), but nothing herein contained shall require the Managing Agent to employ counsel to represent the Association in any such proceeding or suit.

15. Upon termination of this Agreement the parties shall deal with each other with respect to all matters outstanding as of the date of termination, and the Association shall furnish the Managing Agent security, satisfactory to the Managing Agent, against any outstanding obligations or liabilities which the Managing Agent may have incurred hereunder.

16. This Agreement shall inure to the benefit of and constitute a binding obligation upon the parties hereto, their respective successors and assigns.

17. If any section, subsection, sentence, clause, phrase or word of this Agreement shall be and is for any reason held or declared to be inoperative or void, such holding will not affect the remaining portions of this Agreement and it shall be construed to have been the intent of the parties hereto to agree without such inoperative or invalid part therein and the remainder of this Agreement after the exclusion of such parts shall be deemed and held to be valid as if such excluded parts had never been included therein,

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

DEVELOPER: RICHARD E. HARRIS BUILDERS, ' INC.

Richard E. Harris, President

MANAGING AGENT:

RICHARD E. HARRIS BUILDERS. INC.

Richard E. Harris. President

MALLARD RUN CONDOMINIUM ASSOCIATION

Richard E Harris
Trustee

Earl Dudek
Trustee

Melody Harris
Trustee